

**BYLAWS  
OF  
HIGHLANDS COUNCIL**

**AMENDED AND RESTATED EFFECTIVE MARCH 3, 2020**

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**BYLAWS**  
**OF**  
**HIGHLANDS COUNCIL**

**Chapter 1   Name, Principal Office, and Definitions**

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1.1      Name

The name of the corporation, as set forth in Article I of the corporation's Articles of Incorporation, is the Highlands Council (referred to herein as the "Council").

1.2      Principal Office

The Council's principal office shall be located in King County, Washington. It may have such other offices, either within or outside King County, as the Council's Board of Trustees may determine, or as the Council's affairs may require.

1.3      Definitions

The words used in these Bylaws shall have their normal, commonly understood definitions, unless otherwise specified. Unless context indicates otherwise, capitalized terms shall have the same meaning as set forth in the Covenant for Community for Issaquah Highlands dated effective May 19, 2003, as amended and restated and recorded under King County Recording No. 20130412002092 [April 12, 2013], as amended from time to time.

## **Chapter 2 Council Mission**

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The Council is organized for such purposes as are set forth in its Articles of Incorporation and as reflected in the Covenant.

Consistent with such purposes, the mission of the Council is to foster the development of a vibrant and caring community committed to service, inclusiveness, lifelong learning, and well-being.

## **Chapter 3 Administration of the Council**

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### **3.1 Management**

The Council shall have no members. The Board of Trustees shall manage the Council's affairs in accordance with these Bylaws, the Articles of Incorporation, and the Covenant. For purposes of these Bylaws, the collective Board of Trustees shall be referred to as the "Board," and "Trustee" or "Trustees" shall refer to the individual trustee or trustees.

### **3.2 Board Powers**

The Board shall have all the powers necessary to administer the Council's affairs, to perform the Council's responsibilities, and to exercise the Board's rights and duties as set forth in these Bylaws, the Covenant, and the Council's Articles of Incorporation and all other powers provided under applicable Washington law.

For purposes of illustration, but not limitation, the Board shall have the power to:

- (a) provide for activities, services, and programs designed to further the Council's mission as set forth in these Bylaws;
- (b) impose reasonable conditions, limitations, and requirements and/or charge reasonable admission, use, or consumption fees for the use and enjoyment by Issaquah Highlands residents of the various services and programs provided by or through the Council and for the use and enjoyment of any of the Areas of Council Responsibility; and
- (c) enforce the provisions of these Bylaws, the Covenant, the Council's Articles of Incorporation, the rules and regulations of the Council, and to bring any proceedings concerning the Council.

### 3.3 Board Duties

The Board's duties shall include those imposed by law, and, without limitation:

- (a) overseeing the preparation of and adopting annual budgets for Council expenses;
- (b) imposing and collecting fees and other charges to pay for Council expenses, and establishing the means and method of collecting such payments as set forth in these Bylaws, the Covenant, and the Council's Articles of Incorporation;
- (c) making available to any Owner, mortgagee, or prospective purchaser of property in Issaquah Highlands, copies of these Bylaws, the Covenant, and the Council's Articles of Incorporation, and rules the Board promulgates. The Board may establish and charge fees to cover the costs of printing and mailing; and
- (d) cooperating with the Associations and fulfilling its responsibilities under the Covenant.

## **Chapter 4 Number, Vote, Election, Term and Composition of the Board**

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### **4.1 Number of Trustees and Emeritus Trustees**

The Council's Board of Trustees shall consist of not less than three (3) nor more than fifteen (15) Trustees, as determined by the Board, exclusive of any Emeritus Trustees (as defined below). The minimum and maximum number of Trustees set forth above may be changed from time to time by amendment to these Bylaws; provided that no decrease in the number shall have the effect of shortening the term of any incumbent Trustee. Each Trustee shall have one equal vote.

A Trustee who serves two (2) consecutive terms on the Board shall, upon the expiration of their second term, automatically become a non-voting emeritus trustee ("Emeritus Trustees"), provided that an individual may elect out of Emeritus Trustee status at any time upon written notice to the Secretary or President of the Board. Unless an Emeritus Trustee dies, resigns, or is removed, the term of each Emeritus Trustee shall be one (1) year. Notwithstanding the foregoing, the Board may, in its sole discretion, extend the term of an Emeritus Trustee for one (1) or more additional years. Emeritus Trustees shall have no voting rights and shall not be considered when establishing a quorum under these Bylaws. Unless otherwise expressly provided in these Bylaws, the term "Trustee" shall not include or refer to any "Emeritus Trustee."

### **4.2 Election of Trustees.**

Upon the expiration or earlier termination (e.g., by death, removal or resignation) of the Trustees' terms, the remaining Trustees shall elect a successor representing the same group of property owners as the Trustee whose term has expired, so long as a qualified and willing candidate is available to serve from that property group. If the remaining Trustees determine there is not a qualified and willing candidate at the time of appointment, then the remaining Trustees may (a) leave the position vacant for up to one (1) year, or (b) appoint a person representing a community interest at Issaquah Highlands (e.g. school representative, park/trail representative) for a term to be determined by the Trustees. All elections and decisions of the Trustees under this Section 4.2 shall be by a Majority Board Vote.



#### 4.3 Resignation and Removal of Trustees; Vacancies

Any Trustee may resign at any time by giving written notice (including electronic notice) to the Board, the President, or the Secretary, or by giving written notice at any meeting of the Board. Such resignation shall take effect on the date such notice is received or at a later time specified in the notice. Acceptance of such resignation shall not be necessary to make it effective.

The Board, by Super Majority Board Vote, may remove, with or without cause, any Trustee and any vacancy may be filled for the unexpired portion of the term of a Trustee who has been removed or vacated such position by a Majority Board Vote. The Trustees shall fill vacancies in a manner that preserves the Board of Trustees composition described below, to the extent possible.

#### 4.4 Term

Trustees shall be elected at the annual meeting of the Board or at such other meetings designated by the Board by a Majority Board Vote. Unless a Trustee dies, resigns or is removed, the term of each Trustee will be three (3) year or until his or her successor is elected, whichever is later. Trustees may be elected for multiple terms. Notwithstanding the foregoing, the Board may, in its discretion by resolution of the Board, establish an alternative term of one (1) to seven (7) years for each Trustee to ensure that the Trustees' terms shall be staggered. No Trustee shall serve more than two (2) consecutive terms, but an individual may again serve as a Trustee after a one (1) year absence from the Board.

#### 4.5 Board Composition

The Board will strive to ensure that the composition of the Board includes at least two (2) Trustees who are owners or representative of a property containing multi-family units at Issaquah Highlands, three (3) residential owners at Issaquah Highlands, and two (2) commercial/retail owners at Issaquah Highlands.

#### 4.6 Compensation

No Trustee or Emeritus Trustee shall receive any compensation for acting as a Trustee or Emeritus Trustee unless such compensation is approved by a Super Majority Board Vote

(excluding the vote of the Trustee who may receive compensation). A Trustee or Emeritus Trustee may receive reimbursement for reasonable expenses incurred on the Council's behalf upon approval by a Majority Board Vote. The Council shall make no loan to any Trustee(s) or Emeritus Trustee(s).

Nothing herein shall prohibit the Council from compensating a Trustee or Emeritus Trustee, or any entity with which a Trustee or Emeritus Trustee is affiliated, for services or supplies furnished to the Council in a capacity other than as a Trustee or Emeritus Trustee pursuant to a contract or agreement with the Council. However, such Trustee or Emeritus Trustee must make his or her interest known to the Trustees prior to entering into such contract or agreement, and a Super Majority Board Vote must approve such contract or agreement and the Council must otherwise comply with the Council's policies regarding conflicts of interests.

#### 4.7 Alternate Trustees

Notwithstanding the foregoing limits on the number of Trustees, the Board may elect by a Majority Board Vote a maximum of seven (7) alternate trustees ("Alternate Trustees"). Alternate Trustees may act as trustees-in-training and observe and participate in meetings, but shall have no right to vote. If an Alternate Trustee is subsequently appointed a Trustee, his or her service as an Alternate Trustee shall have no impact on the number of terms he or she may serve as Trustee. Unless an Alternative Trustee dies, resigns or is removed, or the Board approves a different term, the term of each Alternative Trustee will be three (3) year or until his or her successor is elected, whichever is later.

## **Chapter 5 Board Meetings**

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### **5.1 Regular Meetings**

Regular meetings of the Board of Trustees shall be held on at least a quarterly basis during the fiscal year and may be held at such time and place as approved by a Majority Board Vote.

### **5.2 Special Meetings**

When called by written notice signed by the President, Vice President, or any two Trustees, the Board shall hold a special meeting. Notice of such meetings shall specify the time and place of the special meeting, as well as the nature of any special business to be considered.

### **5.3 Quorum**

At all meetings of the Board, a majority of the Trustees shall constitute a quorum for transacting business. If a quorum is present, the votes of a majority of the Trustees present shall constitute the Board's decision ("Majority Board Vote") unless the vote of a greater number of Trustees is required by these Bylaws or by law, such as a majority vote of all Trustees ("Super Majority Board Vote"). If a quorum is present, the Trustees may continue to transact business, notwithstanding the withdrawal of Trustees, if any action taken is approved by at least a Majority Board Vote. A Trustee who is present at such a meeting shall be presumed to have assented to the action taken at that meeting, unless the Trustee's dissent or abstention is entered in the minutes of the meeting or the Trustee files his or her written dissent or abstention to such action with either the person acting as secretary of the meeting before the adjournment of the meeting or by registered mail to the Secretary of the Council immediately after the adjournment of the meeting.

If any meeting cannot be held because a quorum is not present, a majority of the Trustees who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the scheduled date of the original meeting. At the reconvened meeting, if a quorum is present, any business that could have been transacted at the originally called meeting may be transacted without further notice.

#### 5.4 Conduct of Meetings

The President shall preside over all meetings of the Board. A minute book shall be kept of all Board meetings, recording all resolutions and all transactions and proceedings occurring at such meetings.

Board meetings shall be open to all Issaquah Highlands residents, and all directors, trustees, officers, and authorized representatives of the Associations. Non-Trustees may not participate in any discussion or deliberation, unless a Trustee requests and permission is granted by the Trustees for the attendee to speak. In such case, the President may limit the time any individual may speak.

Notwithstanding the above, the President may adjourn any Board meeting and reconvene such meeting in an executive session, which may exclude Non-Trustees, for consideration of one or more of the following topics:

- (a) employment or personnel matters for the employees of the Council;
- (b) compensation to any Trustee or officer;
- (c) legal advice from an attorney for the Board or Council;
- (d) pending or contemplated litigation;
- (e) pending or contemplated matters relating to enforcement of the Council's documents or rules; or
- (f) such other matters as are determined to be confidential by the Council.

#### 5.5 Action Without Formal Meeting

Any action taken or which may be taken at a meeting of the Board may be taken without a meeting if all Trustees sign a consent setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

#### 5.6 Electronic Participation

One or more Trustees may participate in and vote during any regular or special Board meeting by telephone conference call, fiber optics, or similar audio or video communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Those Trustees participating electronically shall be deemed present at such meeting for all purposes including determining a quorum.

## **Chapter 6 Community-Wide Meetings**

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### **6.1 Regular Community-Wide Meetings**

From time to time, the Board may call regular meetings of the Owners, occupants, and other parties interested and involved in the Issaquah Highlands (“Regular Community-Wide Meetings”). The Board shall set the time, place, and agenda for such meetings. It shall also communicate notice of the Regular Community-Wide Meetings by (a) posting notice in a conspicuous location or locations within Issaquah Highlands, (b) publishing notice in a newspaper or community newsletter, (c) posting notice on a community cable channel, intranet, or Internet website generally known to the Owners, occupants, and other parties interested and involved in the Issaquah Highlands, or (d) other means by which the Owners, occupants, and other parties interested and involved in the Issaquah Highlands could reasonably be expected to have access.

Such notice shall be given, published, or posted not less than ten (10) nor more than fifty (50) days prior to the Regular Community-Wide Meeting date. Participation in discussions during Regular Community-Wide Meetings shall be subject to reasonable regulation by the Board.

### **6.2 Special Community-Wide Meetings**

The Trustees shall call a special community-wide meeting that is not a Regular Community-Wide Meeting (“Special Community-Wide Meeting”):

- (a) if the Trustees determine by a Majority Board Vote that a specific issue or issues requires a Special Community-Wide Meeting; or
- (b) if the Board of Directors of the Issaquah Highlands Community Association, Inc., the High Street Association, any other property owners association within the Properties (“Associations”), or the owner of property containing multi-family (rental) units requests such a meeting and provides a brief statement as to the specific issue or issues requiring a Special Community-Wide Meeting.

The notice of a Special Community-Wide Meeting shall state the issue or issues to be discussed at the special meeting and be provided in the same manner as provided in Section 6.1. Discussion shall be limited to the topics as stated in the notice for the Special Community-Wide Meeting.

### 6.3 Advisory Purpose

Any discussions or votes taken at a Regular Community-Wide Meeting or Special Community-Wide Meeting shall be only advisory recommendations to the Board of Trustees. The Board of Trustees shall not be bound by any decisions made at any Regular Community-Wide Meeting or Special Community-Wide Meeting.

## Chapter 7 Officers

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### 7.1 Officers

The Council officers shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Trustees by a Majority Board Vote. The Board may elect such other officers by a Majority Board Vote, including one or more Assistant Secretaries or one or more Assistant Treasurers, as it shall deem desirable, and such officers to have the authority and perform the duties the Board prescribes.

### 7.2 Election Timing and Term of Office

The Board will elect Council officers at the annual meeting of the Board, although Trustees may elect the Council officers at such other times as it deems appropriate or when a position becomes vacant. Unless a different term between one (1) year and three (3) years is designated by the Board, officers will serve a two (2) year term.

### 7.3 Removal and Vacancies

The Board may remove any officer and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise for the unexpired portion of the term by a Super Majority Board Vote.

### 7.4 Powers and Duties

Each officer shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be conferred or imposed by the Board, including:

(a) President.

The President shall be the chief executive officer of the Council, and, subject to the Board's control, shall supervise and control all the assets, business and affairs of the Council. The President shall preside over meetings of the Board. The President shall also act as liaison from and a spokesperson for the Board. The President may sign deeds, mortgages, bonds, contracts or other instruments, except when the signing and execution thereof have been



expressly delegated by the Board or by these Bylaws to some other officer or agent of the Council or are required by law to be otherwise signed or executed by some other officer or in some other manner. In general, the President shall perform all duties incident to the office of President and such other duties as from time to time may be assigned to him or her by the Board.

(b) Vice President.

In the event of the death of the President or his or her inability to act, the Vice President shall perform the duties of the President, except as may be limited by resolution of the Board, with all the powers of and subject to all the restrictions upon the President. The Vice President shall have, to the extent authorized by the President or the Board, the same powers as the President to sign deeds, mortgages, bonds, contracts or other instruments. The Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or the Board.

(c) Secretary.

The Secretary shall (a) keep or cause to be kept the minutes of meetings of the Board and any minutes which may be maintained by committees of the Board; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records of the Council; (d) keep records of the post office address of each officer and trustee; and (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or the Board.

(d) Treasurer.

The Treasurer shall (a) have charge and custody of and be responsible for all funds and securities of the Council; (b) receive and give receipts for moneys due and payable to the Council from any source whatsoever, and deposit all such moneys in the name of the Council in banks, trust companies or other

depositories selected in accordance with the provisions of these Bylaws; (c) render from time to time, as may be required, an account of all transactions of the Council and of the financial condition of the Council; and (d) in general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or the Board.

#### 7.5 Resignation

Any officer may resign at any time by giving written notice (including electronic notice) to the Board, the President, the Secretary, or by giving written notice at any meeting of the Board. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein. Acceptance of such resignation shall not be necessary to make it effective.

#### 7.6 Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Council shall be executed by the President, Secretary, or Treasurer, or by such other person or persons as the Board may designate by resolution. The Board may establish internal controls, including but not limited to setting monetary thresholds above which require dual signatures or specific Board approval.

#### 7.7 Compensation

Compensation of officers shall be subject to the same limitations as compensation of Trustees under Section 4.6. The Council shall make no loan to any officer.

## **Chapter 8 Management and Administration**

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### **8.1 Liability and Indemnification**

To the fullest extent that Washington law, as amended, permits, the Council shall indemnify, hold harmless, and defend Port Blakely Communities, Inc., a Washington corporation (“Port Blakely”), its members, agents, and employees, every Council officer, Trustee, Emeritus Trustee, and every committee member (each in their capacity as such and collectively, the “Indemnified Persons”) for, from, and against all damages and expenses, including attorneys’ fees reasonably incurred in connection with any action, suit, or other proceeding brought against any of the Indemnified Persons (including any settlement thereof, if approved by the Board) by reason of the fact that any of the Indemnified Persons is or was an incorporator, officer, Trustee, Emeritus Trustee, committee member, or participating in the management, administration or supervision of the Council. This right to indemnification shall not be exclusive of any other rights to which the Indemnified Persons may be entitled. As a Council expense, the Council shall maintain adequate general liability and directors and officers’ liability insurance to fund the Council’s obligation as provided in these Bylaws. This Section 8.1 may not be amended or deleted without prior written consent of Port Blakely.

### **8.2 Standards of Conduct**

In performing their duties, Trustees and officers are subject to insulation from liability as provided for trustees, directors, and officers of corporations by Washington law and as otherwise provided by these Bylaws, the Covenant, and the Council’s Articles of Incorporation. The Trustees shall exercise their power in a fair, nondiscriminatory manner and shall adhere to the procedures established in these Bylaws, the Covenant, and the Council’s Articles of Incorporation. Trustees shall perform the duties of a Trustee, including the duties as a member of any committee of the Board upon which the Trustee may serve, in good faith, in a manner such Trustee believes to be in the best interests of the Council, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances, subject to the business judgment rule to the extent applicable.

As provided herein, a Trustee shall act in accordance with the business judgment rule so long as the Trustee:

- (a) acts within the expressed or implied scope of these Bylaws, the Covenant, and the Council's Articles of Incorporation and his or her actions are not *ultra vires*;
- (b) affirmatively undertakes to make decisions which the Trustee reasonably believes are necessary for the continued and successful operation of the Council and, when decisions are made, they are made on an informed basis;
- (c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and
- (d) acts in a non-fraudulent manner and without reckless indifference to the Council's affairs.

### 8.3 Training Seminar

In cooperation with or independent of the Associations' boards, the Board, in its discretion, may hold, provide, or provide for seminars and continuing educational opportunities designed to educate and inform Trustees, officers and Alternate Trustees (if any) of their responsibilities as such. Such programs may include instruction on applicable Washington corporate and fiduciary law principles, other issues relating to administering community affairs, and upholding and enforcing these Bylaws, the Covenant, and Council's Articles of Incorporation. The Trustees may retain industry professionals, which may include attorneys and accountants, as appropriate or necessary for such purpose. Each newly elected Trustee, officer, and Alternate Trustee (if any) shall complete a training seminar within the first six (6) months of assuming such position, to the extent required by the Board.

### 8.4 Conflicts of Interest

Unless otherwise approved by a Super Majority Board Vote (excluding the vote of any interested Trustee), no Trustee, officer, Alternate Trustee (if any), or Emeritus Trustee may

transact business with the Council or the Associations, or any contractor of the Council or the Associations, during his or her term as Trustee, officer, Alternate Trustee (if any), or Emeritus Trustee or within two (2) years after the term expires. A Trustee, officer, Alternate Trustee (if any), or Emeritus Trustee shall promptly disclose in writing to the Board any actual or potential conflict of interest relative to his or her performance as a Trustee, officer, Alternate Trustee (if any), or Emeritus Trustee. A Trustee's, officer's, Alternate Trustee's or Emeritus Trustee's failure to make such disclosure shall be grounds for removal by a Super Majority Board Vote of the other Trustees. The Trustees may void any contract that creates a prohibited conflict of interest.

#### 8.5 Management

The Council may employ an agent or agents, including employees and contractors, at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize or delegate. Subject to the Board's supervision, the Board may delegate to the agent or agents such powers as are necessary to perform the assigned duties but shall not delegate policy-making authority.

The Board may delegate to any single Trustee the authority to act on its behalf on all matters relating to any agent's duties that arise between Board meetings.

#### 8.6 Right to Contract

Any agency contract or delegation of agency authority may, among other things, authorize action as the Council's agent with respect to the expenditure of Council funds within the scope of the approved Council budget; however, the agent shall not be permitted to spend money in excess of the budget or reallocate greater than ten percent (10%) of any budget line item without the prior approval of an officer of the Council.

The Council shall have the right to contract with any person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements, or covenants to share costs with a property owners association or any other entity within or outside Issaquah Highlands.

## 8.7 Right to Appoint Committees; Limitation on Committee Authority

The Board may establish such temporary or standing Board committees as it deems appropriate. All Board committees shall consist of at least two (2) or more Trustees. Each Board committee shall operate in accordance with the terms of a resolution approved by the Board stating the tasks and goals for which it was created. The Board shall have the right to disapprove or veto any Board committee decision or action. Except as otherwise approved by the Board, Board committees shall not have the authority to contractually bind the Council or to commit the Council financially or otherwise. Furthermore, no Board committee shall have the authority of the Board to (a) amend, alter or repeal the Bylaws; (b) elect, appoint or remove any member of any such committee or any Trustee or officer of the Council; (c) amend the Articles of Incorporation; (d) adopt a plan of merger or adopt a plan of consolidation with another corporation; (e) authorize the voluntary dissolution of the Council or revoke proceedings therefor; (f) authorize the sale, lease or exchange of all or substantially all of the property and assets of the Council not in the ordinary course of business or adopt a plan for the distribution of the assets of the Council not in the ordinary course of business; (g) amend, alter or repeal any resolution of the Board which by its terms provides that it shall not be amended, altered or repealed by such committee; or (h) take any action that requires Board approval under state law. The designation and appointment of any Board committee and the delegation of authority to it shall not operate to relieve the Board or any individual Trustee of any responsibility imposed upon it, him or her by law.

Advisory committees not having or exercising the authority of the Board in management of the Council may be established by the Board, the President or an agent of the Board, to the extent such authority is delegated, and such advisory committees may be comprised of Owners, residents, tenants, volunteers, staff, and other community members. Each advisory committee shall operate in accordance with the terms of a charter designating the tasks and goals of such advisory committee, as well as its duration, as approved by the Board, President or an agent of the Board, to the extent such authority is delegated. Advisory committees may, but shall not be required, to include one or more Trustees. Advisory committee members shall be appointed, and may be removed, by the Board, President or agent of the Board, acting within its authority and in its discretion. No advisory committee

shall have any authority to bind or commit the Board or the Council, but rather the purpose shall be to advise or make recommendations to the Board for action, in the Board's discretion, or provide other volunteer support for the Council's day-to-day activities and events.

#### 8.8 Separation from the Council and Associations

The Associations exist independently from the Council and are managed and administered in accordance with the Declarations and the Associations' other governing documents.

## **Chapter 9 Accounting and Insurance**

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### **9.1 Accounts and Reports**

The following management standards of performance shall be followed unless the Board, by resolution, specifically determine otherwise:

- (a) Generally Accepted Accounting Principles shall be employed;
- (b) the Council's cash accounts shall not be commingled with any other accounts;
- (c) no persons, on behalf of the Council, shall accept remuneration from vendors, independent contractors, or others providing goods or services to the Council, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Council;
- (d) any agent of the Council shall disclose promptly to the Board any financial or other interest which he or she may have in any form providing goods or services to the Council; and
- (e) an annual report consisting of at least the following shall be made available for inspection by any interested party within sixty (60) days after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an unaudited, audited, reviewed, or compiled basis, as the Board determines. Notwithstanding the foregoing, such annual report shall be prepared on an audited basis by an independent certified public accountant as and when the Board determines it in the best interests of Council to do so, or as may otherwise be required by law.

The Council shall provide any interested party a copy of the annual financial report within ten (10) business days following receipt of a written request for access and may charge for the costs of copying.



## 9.2 Borrowing

The Council shall have the power to borrow money for any legal purpose upon a Majority Board Vote.

## 9.3 Insurance

The Council shall obtain and maintain the following types of insurance, if reasonably available and affordable and to the extent the Board deems reasonably necessary:

- (a) Blanket property insurance covering “risks of direct physical loss” on a “special form” basis (or comparable coverage by whatever name denominated) for all insurable improvements (excluding land) on Council Property, if any. If such coverage is not generally available at reasonable cost, then “broad form” coverage may be substituted. All property insurance policies that the Council obtains shall have policy limits sufficient to cover the full replacement cost of the insured improvements (excluding land);
- (b) Commercial general liability insurance for any property that the Council owns, controls, or maintains. If generally available at reasonable cost, the commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; however, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Council may obtain such additional coverage or limits;
- (c) Workers compensation insurance with statutory limits and employers liability insurance, if and to the extent required by law;
- (d) Directors and officers liability coverage;
- (e) Fidelity insurance covering all persons (whether compensated or not compensated) responsible for handling Council funds in an amount determined in the Board’s judgment; and

- (f) Such additional insurance as the Board determines advisable, which may include, without limitation, flood insurance, earthquake insurance, boiler and machinery insurance, and building ordinance coverage. The Council's insurance policies may contain a reasonable deductible and shall provide a waiver of subrogation against any Owner or household member of any Owner.

## Chapter 10 Miscellaneous

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### 10.1 Fiscal Year

The Board shall set the Council's fiscal year by resolution. In the absence of a resolution, the fiscal year shall be July 1 to June 30.

### 10.2 Parliamentary Rules

Except as may be modified by the Board, the most recent version of *Robert's Rules of Order* shall govern the conduct of Council proceedings when not in conflict with Washington law, the Council's Articles of Incorporation, or these Bylaws.

### 10.3 Conflicts

If there are conflicts among the provisions of Washington law, the Covenant, the Council's Articles of Incorporation, and these Bylaws, the provisions of Washington law, the Covenant, the Council's Articles of Incorporation, and these Bylaws (in that order) shall prevail.

### 10.4 Books and Records

(a) Inspection by Owners and Mortgagees. The Board shall make the following available for inspection and copying by any Owner, mortgagee of a Unit, or the duly authorized representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the relevant property:

- the Council's Articles of Incorporation;
- the Covenant; and
- these Bylaws, including any amendments, Council rules, books of account, and the minutes of Board meetings (except minutes of executive sessions shall not be available unless a Majority Board Vote approves such minutes to be available for inspection or copying).

- (b) Rules for Inspection. The Trustees shall establish reasonable rules with respect to (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; (iii) where such inspection may take place; and (iv) payment of the cost of reproducing copies of documents requested.
- (c) Inspection by Trustees. Every Trustee shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Council and the physical properties the Council owns or controls. The right of inspection by a Trustee includes the right to make a copy of relevant documents at the Council's expense.

#### 10.5 Notices

- (a) Notice by Mail or Personal Delivery. Unless otherwise authorized or provided in the Covenant, these Bylaws, or by law, all notices, demands, bills, statements, or other communications required under the Covenant or these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:
  - i. if to an Owner, at his or her address (including electronic mail address or facsimile number) as designated in writing and filed with the Council's Secretary or, if no such address has been designated, at the address of the Owner's Unit within Issaquah Highlands;
  - ii. if to the Associations, to the respective addresses (including electronic mail addresses or facsimile numbers) designated by the Associations in writing to its Secretary, or if no such address has been designated, at the Associations' respective principal offices; and
  - iii. if to the Council, Trustees, or managing agent, at the Council's, Trustees', or managing agent's principal office, or at such other address (including electronic mail address or facsimile number) as shall be designated in writing and filed with the Council's Secretary.

- (b) Effective Date. Notice sent in accordance with subsection (a) shall be deemed to have been duly given and effective at the earliest of the following:
- i. when received;
  - ii. if sent by United States mail, five (5) days after its deposit with the U.S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;
  - iii. if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or
  - iv. if sent by telephone facsimile or electronic mail, upon transmission unless notice is received that such facsimile or electronic mail did not transmit.
- (c) Notice of Trustees Meetings. Except for emergency meetings, notice of each Trustees meeting shall be communicated to Issaquah Highlands residents by posting in a conspicuous location or locations within Issaquah Highlands, publishing in a newspaper or community newsletter, or posting on a community cable channel or intranet or internet website generally known to Issaquah Highlands Owners and occupants, or by other means to which the Owners and occupants could reasonably be expected to have access. As an alternative to providing separate notice for each meeting, the Trustees may post or publish a schedule of upcoming, regular Trustees meetings.
- (d) Electronic Transmission. Notwithstanding the foregoing and except as may be otherwise required by law, notices to be provided under these Bylaws may be provided in an electronic transmission and be electronically transmitted. Notice in an electronic transmission is effective with respect to only those Trustees that have consented, in the form of a record, to receive electronically transmitted notices and designated in such consent the address, location or system to which these notices may be electronically transmitted. A Trustee who has consented to receipt of electronically transmitted notices may revoke the consent by delivering a revocation to the Council in the form of a record.

Furthermore, the consent is automatically revoked if the Council is unable to electronically transmit two (2) consecutive notices given by the Council, and this inability becomes known to the person responsible for giving notice. Notice provided in an electronic transmission is effective when it is electronically transmitted to an address, location or system designated by the recipient for that purpose.

- (e) Posting Electronic Notice. Notice may be provided to Trustees who have consented to receipt of electronically transmitted notices by posting the notice on an electronic network and delivering to such Trustees a separate record of the posting, together with comprehensible instructions regarding how to obtain access to the posting on the electronic network. Notice is effective when it has been posted to an electronic network and a separate record of the posting has been delivered to the recipient as provided by this Section.
- (f) Waiver of Notice. Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as if taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each absent Trustee signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the meeting's purpose. Notice of a meeting also shall be deemed given to any Trustee who attends the meeting without protesting before or at its commencement about lack of adequate notice.

#### 10.6 Amendment

These Bylaws may also be amended upon a resolution approved by a Super Majority Board Vote. Amendments are effective upon approval in the manner set forth herein.

## CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting President of the Highlands Council, a Washington nonprofit corporation;

That the foregoing Bylaws constitute the Amended and Restated Bylaws of Highlands Council, as duly adopted at a meeting of the Board of Trustees held on March 3, 2020; and

That the Founder, Grand-Glacier LLC, a Washington limited liability company, and Port Blakely Communities, Inc. have consented to the Amended and Restated Bylaws of Highlands Council pursuant to a written consent dated as of March 3, 2020.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 06/05/2020

  
\_\_\_\_\_  
Gary Ashby, President